

HOUSING AUTHORITY OF LAKE PROVIDENCE
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

TWELVE MONTHS ENDED SEPTEMBER 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/16/08

Mike Estes, P.C.
A Professional Accounting Corporation

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MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY - SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553
METRO (817) 654-4063
(817) 831-3560
e-mail: mestespc@swbell.net

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

MIKE ESTES, CPA

Independent Auditor's Report

Board of Commissioners
Housing Authority of Lake Providence
Lake Providence, Louisiana

We have audited the accompanying basic financial statements of the Housing Authority of Lake Providence, Louisiana as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of Lake Providence, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Lake Providence, Louisiana, as of September 30, 2007, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Housing Authority of Lake Providence, Louisiana's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Housing Authority of Lake Providence, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedules required by HUD and other accompanying information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mike Estes, P.C.
Fort Worth, Texas
March 20, 2008

**HOUSING AUTHORITY OF THE CITY OF
LAKE PROVIDENCE, LOUISIANA**

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

SEPTEMBER 30, 2007

The management of Public Housing Authority of Lake Providence, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending September 30, 2007. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$1,919,945 at the close of the fiscal year ended 2007.
 - ✓ Of this amount \$1,818,505 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$101,440 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 13% of the total operating expenses of \$765,509 for the fiscal year 2007, which means the Authority might be able to operate about 1 month using the unrestricted assets alone, which compares closely with the prior fiscal year.
- The Housing Authority's total net assets increased by \$351,614, a 22% change from the prior fiscal year 2006. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- The increase in net assets of these funds was accompanied by an increase in cash and cash equivalents of \$44,941 from fiscal year 2006, primarily because federal operating grants and tenant income exceeded operating expenses by \$40,961.
- The Authority spent \$39,532 on capital asset additions and \$443,851 on construction in progress during the current fiscal year.
- These changes led to an increase in total assets by \$365,095 and an increase in total liabilities by \$13,481. As related measure of financial health, there are still \$2.40 of current assets covering each dollar of total current and long-term liabilities, which compares favorably with \$1.92 for the prior year.
- The Housing Authority continues to operate without the need for debt borrowing.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2007?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

- Low Rent Public Housing
- Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$1,919,945 as of September 30, 2007. Of this amount, \$1,818,505 was invested in capital assets, and the remaining \$101,440 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet As of September 30,

	<u>2007</u>	<u>2006</u>
ASSETS		
Current assets	\$ 173,683	\$ 113,318
Capital assets, net of depreciation	<u>1,818,505</u>	<u>1,513,775</u>
Total assets	<u>1,992,188</u>	<u>1,627,093</u>
LIABILITIES		
Current liabilities	57,486	45,419
Non-current liabilities	<u>14,757</u>	<u>13,343</u>
Total liabilities	<u>72,243</u>	<u>58,762</u>
NET ASSETS		
Invested in capital assets, net of depreciation	1,818,505	1,513,775
Unrestricted net assets	<u>101,440</u>	<u>54,556</u>
Total net assets	<u>1,919,945</u>	<u>1,568,331</u>
Total liabilities and net assets	<u>1,992,188</u>	<u>1,627,093</u>

Housing Authority of The City of Lake Providence, Louisiana

Management's Discussion and Analysis (MD&A)

SEPTEMBER 30, 2007

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$351,614, or by 22%, from those of fiscal year 2006, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
Fiscal Year Ended September 30,**

	2007	2006
OPERATING REVENUES		
Dwelling rental	\$ 203,216	\$ 172,098
Other	14,270	9,340
Total Operating Revenues	217,486	181,438
OPERATING EXPENSES		
Administration	165,681	153,987
Tenant services	498	964
Utilities	62,831	61,418
Ordinary maintenance & operations	266,127	212,944
General expenses	82,879	82,381
Depreciation	177,493	198,771
Extraordinary maintenance	10,000	1,613
Total Operating Expenses	765,509	712,078
Income (loss) from Operations	(548,023)	(530,640)
Non Operating Revenues (Expenses)		
Interest earnings	8,348	4,595
Federal grants	412,738	319,185
Loss on disposal of assets	(1,160)	0
Total Non-Operating Revenues (Expenses)	419,926	323,780
Income (loss) before contribution	(128,097)	(206,860)
Capital Contribution	479,711	54,716
Change in net assets	351,614	(152,144)
Total net assets - beginning	1,568,331	1,720,475
Total net assets - ending	\$ 1,919,945	\$ 1,568,331

EXPLANATIONS OF FINANCIAL ANALYSIS

ASSETS

- Current assets increased \$60,365, from \$113,318 to \$173,683. This included an increase in cash and cash equivalents of \$44,941.

LIABILITIES

- Current liabilities increased \$12,067, from \$45,419 to \$57,486. This includes accrual of a \$10,000 settlement paid in October 2007.

The above increase in current assets of \$60,365, minus the increase of \$12,067 in current liabilities totals \$48,298. This accounts for much of \$46,884 change in unrestricted net assets.

Compared with the prior fiscal year, total operating, non-operating revenues, and capital grants increased \$557,189, or by 100%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal Capital Funds from HUD increased by \$424,996 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal years 2004 through 2007, and submitted a new grant during fiscal year 2008.
- Federal revenues from HUD for operations increased by \$93,553, or by 29% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total tenant revenue increased by \$31,118, or by 18% from that of the prior fiscal year, not only because occupancy rates decreased by 3%, but also because the amount of rent each tenant pays is based on a sliding scale of their personal income. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total.
- Total other operating revenue increased by \$4,930, or by 53% from that of the prior fiscal year, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received.
- Interest income increased by \$3,753, or by 82% from that of the prior fiscal year, because the Housing Authority transferred \$54,450 into temporary investments during the current fiscal year.

Compared with the prior fiscal year, total operating expenses increased \$53,431, or by 8%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Maintenance and repairs increased by \$53,183, or by 25% from that of the prior fiscal year, due to several major factors: Repair staff wages increased by \$14,123, or by 13%, and related employee benefit contributions increased by \$5,127, or by 15%. Also, materials used increased by \$10,067, or by 40%, and contract labor costs increased by \$23,866, or by 52%.
- Depreciation expense decreased by \$21,276, or by 11% from that of the prior fiscal year, even though there was an increase in capital assets by \$483,383, because existing capital assets are reaching the end of their estimated useful lives.

Housing Authority of The City of Lake Providence, Louisiana

Management's Discussion and Analysis (MD&A)

SEPTEMBER 30, 2007

- Administrative Expenses increased by \$11,694, or by 8% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$15,124, or by 19%, but staff vacation and sick leave pay decreased by \$1,879, or by 48%, and related employee benefit contributions increased by \$5,358, or by 20%; therefore, total staff salaries and benefit costs increased by 17%. In addition, audit fees increased by \$1,030, accounting fees increased by \$959, and legal fees decreased by \$1,512; thus, total outside professional fees increased by 3%. Finally, staff travel reimbursements decreased by \$4,415, staff training costs decreased by \$791, but sundry expenses decreased by \$2,180; therefore, other staff administrative expense decreased by 35%.
- General Expenses decreased by \$498, an insignificant change.
- Utilities and tenant services totaled \$63,329 and made up the small remaining amount of the increase in expenditures, but did not change significantly from the prior to the current year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2007, the Housing Authority had a total cost of \$6,215,663 invested in a broad range of assets and construction in progress from projects funded in 2004 through 2006, listed below. This amount, not including depreciation, represents a net increase of \$477,586 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
As of September 30,**

	<u>2007</u>	<u>2006</u>
Land	\$ 154,069	\$ 154,069
Construction in progress	494,502	50,651
Buildings	1,098,879	1,240,239
Leasehold improvements	15,804	28,803
Furniture and equipment	55,252	40,013
	<hr/>	<hr/>
Total	1,818,506	1,513,775

As of the end of the 2007 fiscal year, the Authority is still in the process of completing HUD grants of \$723,909 obtained during 2004 through 2006 fiscal years. A total remainder of \$96,671 will be received and \$83,746 will be spent for completing these projects during fiscal year 2008.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Jerry Bell, at Public Housing Authority of Lake Providence, Louisiana; 226 Foster; Lake Providence, LA 71254.

HOUSING AUTHORITY OF LAKE PROVIDENCE
BALANCE SHEET
SEPTEMBER 30, 2007

ASSETS

Current assets

Cash and cash equivalents	\$ 98,473
Investments	16,159
Accounts receivable net	13,302
Interest receivable	47
Prepaid items and other assets	35,963
Inventory	139
Restricted assets – cash and cash equivalents	9,600
Total Current Assets	<u>173,683</u>

Capital Assets, net

Land and other non-depreciated assets	648,571
Other capital assets – net of depreciation	1,169,934
Total Capital Assets, net	<u>1,818,505</u>
Total Assets	<u>\$ 1,992,188</u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 14,492
Accrued liabilities - other	10,000
Compensated absences payable	7,772
Accrued PILOT	15,622
Deposits due others	9,600
Total Current Liabilities	<u>57,486</u>

Noncurrent Liabilities

Compensated absences payable	14,757
Total Liabilities	<u>72,243</u>

NET ASSETS

Invested in capital assets, net of related debt	1,818,505
Unrestricted	101,440
Net Assets	<u>1,919,945</u>
Total Liabilities and Net Assets	<u>\$ 1,992,188</u>

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF LAKE PROVIDENCE
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2007

OPERATING REVENUES		
Dwelling rental	\$	203,216
Other		14,270
Total Operating Revenues		<u>217,486</u>
OPERATING EXPENSES		
Administration		165,681
Tenant services		498
Utilities		62,831
Ordinary maintenance & operations		266,127
General expenses		82,879
Depreciation		177,493
Extraordinary maintenance		10,000
Total Operating Expenses		<u>765,509</u>
Income (loss) from Operations		<u>(548,023)</u>
Non Operating Revenues (Expenses)		
Interest earnings		8,348
Federal grants		412,738
Loss on disposal of assets		(1,160)
Total Non-Operating Revenues (Expenses)		<u>419,926</u>
Income (loss) before contribution		<u>(128,097)</u>
Capital Contribution		<u>479,711</u>
Change in net assets		351,614
Total net assets - beginning		<u>1,568,331</u>
Total net assets - ending	\$	<u>1,919,945</u>

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF LAKE PROVIDENCE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 202,965
Other receipts	11,121
Payments to vendors	(290,622)
Payments to employees – net	(286,404)
Net cash provided (used) by operating activities	(362,940)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal grants	403,901
Net cash provided (used) by non- capital financing activities	403,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(483,384)
Federal Capital Grants	479,711
Net cash provided (used) by capital and related financing activities	(3,673)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	8,357
Purchase of investments	(704)
Net cash provided (used) by investing activities	7,653
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,941
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	63,132
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	\$ 108,073

Continued

HOUSING AUTHORITY OF LAKE PROVIDENCE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2007

**RECONCILIATION OF OPERATING
INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING
ACTIVITIES**

Operating income (loss)	\$ (548,023)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation Expense	177,493
Provision of uncollectible accounts	909
Change in assets and liabilities:	
Receivables	(1,160)
Inventories	733
Prepaid items	(6,373)
Account payables	14,056
Accrued expenses	2,049
Deferred revenue	(2,624)
Net cash provided (used) by operations	<u>\$ (362,940)</u>

Concluded

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2007

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HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of Lake Providence have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA – R.S. 40.391) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of Lake Providence, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 1099	150
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the Town of Lake Providence since the Town of Lake Providence appoints a voting majority of the Housing Authority's governing board. The Town of Lake Providence is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Lake Providence. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Lake Providence.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the public housing Low Rent program and the Capital Fund program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. INVESTMENTS Investments are limited to L.S.-R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Acquisitions of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

G. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

H. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$300. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

I. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

J. RESTRICTED NET ASSETS Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at September 30, 2007. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority investments are in Certificates of Deposits, which do not have credit ratings. However, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk: At September 30, 2007, the Housing Authority's carrying amount of deposits was \$124,157 and the bank balance was \$146,862, which includes \$16,159 in certificates of deposits classified as investments. Of the bank balance, \$30,703 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at September 30, 2007, are as follows:

<u>Class of Receivables</u>		
Local sources:		
Tenants	\$	377
Federal sources:		
Grants		<u>12,925</u>
Total	\$	<u>13,302</u>

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 4 – CAPITAL ASSETS The changes in capital assets are as follows:

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007
Land	\$ 154,069	\$ 0	\$ 0	\$ 154,069
Buildings	5,352,175	4,378	0	5,356,553
Furniture and equipment	181,182	35,154	5,797	210,539
Construction in progress	50,651	443,851	0	494,502
Total	5,738,077	483,383	5,797	6,215,663
Less: accumulated depreciation				
Buildings	4,132,808	157,755	0	4,290,563
Furniture and equipment	91,494	19,738	4,637	106,595
Total	4,224,302	177,493	4,637	4,397,158
Fixed assets, net	\$ 1,513,775	\$ 305,890	\$ 1,160	\$ 1,818,505

NOTE 5 – ACCOUNTS PAYABLE The payables at September 30, 2007 are as follows:

Vendors	\$ 12,904
Payroll taxes & Retirement withheld	1,301
Other	287
Total	\$ 14,492

NOTE 6 – ACCRUED LIABILITIES In October, 2007, \$10,000 was paid as settlement in full to a former employee.

NOTE 7 – COMPENSATED ABSENCES At September 30, 2007, employees of the Housing Authority have accumulated and vested \$22,529 of employee leave computed in accordance with GASB, Codification Section C60.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 8 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended September 30, 2007.

		Compensated Absences
Balance, beginning	\$	20,513
Additions		2,016
Balance, ending		22,529
Amounts due in one year	\$	14,757

NOTE 9 – RETIREMENT SYSTEM The Housing Authority participates in a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. Plan provisions and changes to plan contributions are determined by the Board of the Housing Authority.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions of a minimum of 10% percent of each participant's basic (excludes overtime) compensation. This payment represents a 5% contribution by the employee, and a 5% contribution by the Housing Authority. The employer may make additional contributions, up to 2 ½%.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority. Normal retirement date shall be the first day of the month following the employee's 65th birthday or after 10 years of participation in the plan.

The Housing Authority made the required contributions of \$15,626 for the year ended September 30, 2007, of which \$6,094 was paid by the employees and \$9,532 was paid by the Housing Authority. No payments were made out of the forfeiture account.

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 10 – INTERPROGRAM TRANSFERS Interprogram transfers for the year September 30, 2007 consists of the following:

The Capital Fund grant provisions allowed the PHA to transfer \$70,011 to the Low Rent program to pay for eligible Low Rent expenses.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at September 30, 2007. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 12 – ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$892,449 to the Housing Authority, which represents approximately 80% of the Housing Authority's total revenue and capital contributions for the year.

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

MIKE ESTES, CPA

(817) 831-3553
METRO (817) 654-4063
(817) 831-3560
e-mail: mestespc@swbell.net

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Housing Authority of Lake Providence
Lake Providence, Louisiana

We have audited the basic financial statements of the Housing Authority of Lake Providence, Louisiana, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Lake Providence, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of Lake Providence, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of Lake Providence, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of Lake Providence, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Audit Finding 07-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of Lake Providence, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above as Audit Finding 07-01 is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Lake Providence, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Audit Finding 07-01.

The Housing Authority of Lake Providence, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority of Lake Providence, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
March 20, 2008

MIKE ESTES, P.C.
A PROFESSIONAL ACCOUNTING CORPORATION
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

MEMBER OF THE
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

MIKE ESTES, CPA

(817) 831-3553
METRO (817) 654-4063
(817) 831-3560
e-mail: mestespc@swbell.net

**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133**

Housing Authority of Lake Providence
Lake Providence, Louisiana

Compliance

We have audited the compliance of the Housing Authority of Lake Providence, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Housing Authority of Lake Providence, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Lake Providence, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of Lake Providence, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of Lake Providence, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of Lake Providence, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of Lake Providence, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the Housing Authority of Lake Providence, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of Lake Providence, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Lake Providence, Louisiana's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federally program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Estes, P.C.
Fort Worth, Texas
March 20, 2008

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2007

FEDERAL GRANTOR PROGRAM TITLE	<u>CDFA NO.</u>	<u>PROGRAM EXPENDITURES</u>
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	322,645
Public Housing Capital Fund	14.872	<u>569,804</u>
Total United States Department of Housing and Urban Development	\$	<u>892,449</u>
Total Expenditures of Federal Awards	\$	<u>892,449</u>

HOUSING AUTHORITY OF LAKE PROVIDENCE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2007

NOTE 1 – GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of Lake Providence, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

		<u>Federal Sources</u>
General	\$	<u>892,449</u>
Total	\$	<u>892,449</u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section I – Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards* to the financial statements.

Audit of Federal Awards

- iv. There were no significant deficiencies required to be disclosed by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:
 - CFDA# 14.872 Capital Fund
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was 300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Low Rent Program

07 – 01 – Lack of Adequate Control Check of Financial Statements

Statement of Condition

Material audit adjustments were necessary that were not brought to our attention. This includes a \$34,066 adjustment to increase operating subsidy income and reduce deferred revenue. The PHA did not perform a supervisory review, to an adequate extent, to detect the material misstatements, before the unaudited statements were released.

This is considered a significant deficiency in financial reporting.

Criteria

They July 2007 Revision (and earlier versions) of Government Auditing Standards state that generally accepted government auditing standards incorporate AICPA auditing standards.

Under Statement on Auditing Standards (SAS) #112, effective for years ended 12/31/06 and after, material audit adjustments are evidence of a weakness in the internal control over reporting, which are usually deemed to be a significant deficiency.

In addition, the Government Accountability Office (GAO) adopted the SAS #112 internal control terminology in January 2007. In June 2007, the OMB revised Circular A-133 to adopt SAS #112 internal control terminology. However, the Low Rent program is a non-major program this year.

Effect

The net loss before contribution was materially misstated.

Cause

The accountant, who is experienced and conscientious, made accounting errors. A supervisory review should have been performed, and was, to review the statements. But, the review did not detect the errors.

Questioned Cost

None

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

Recommendation

The errors have been discussed with the accountant. The supervisory review procedures should be reviewed, and revised if necessary.

07 – 01 – Corrective Action Plan

I am Jerry Bell, Executive Director and Designated Person to answer this finding. We believe we have an excellent fee accountant. But, we have discussed the situation with them. They assure us they will perform an adequate review in the future.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2007

Section III –Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510 (a):

The audit finding only applies to Part II. No material audit adjustments were necessary for the major program, the Capital Fund program.

HOUSING AUTHORITY OF LAKE PROVIDENCE
SUMMARY SCHEDULE OF OTHER PRIOR AUDIT FINDINGS

YEAR ENDED SEPTEMBER 30, 2007

The following prior audit findings were made as financial statement findings:

None

SEE PRIOR MANAGEMENT LETTER ON NEXT PAGE

HOUSING AUTHORITY OF LAKE PROVIDENCE
SUMMARY SCHEDULE OF PRIOR MANAGEMENT LETTER ITEMS

YEAR ENDED SEPTEMBER 30, 2007

The following management letter item was noted in the prior year audit report:

Condition

Quality control checks for the Low Rent tenant files and waiting list were being performed, but needed improvement.

Recommendation

The recommendation was for the PHA to better document quality control samples for Low Rent.

Current Status

This finding is not repeated. The samples were adequately performed and documented for the year ended September 30, 2007.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF LAKE PROVIDENCE
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED SEPTEMBER 30, 2007

CASH BASIS

	2004 Capital Fund	2005 Capital Fund	2006 Capital Fund
Funds approved	\$ 269,263	\$ 231,331	\$ 223,315
Funds expended	<u>265,954</u>	<u>200,228</u>	<u>173,980</u>
Excess of funds approved	<u>\$ 3,309</u>	<u>\$ 31,103</u>	<u>\$ 49,335</u>
 Funds advanced	 \$ 264,284	 \$ 200,228	 \$ 162,725
Funds expended	<u>265,954</u>	<u>200,228</u>	<u>173,980</u>
Excess (deficiency) of funds advanced	<u>\$ (1,670)</u>	<u>\$ 0</u>	<u>\$ (11,255)</u>

See accountants' report

HOUSING AUTHORITY OF LAKE PROVIDENCE
FINANCIAL DATA SCHEDULE

YEAR ENDED SEPTEMBER 30, 2007

Line Item No.	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	\$98,473	\$0	\$98,473
114	Cash - Tenant Security Deposits	\$9,600	\$0	\$9,600
100	Total Cash	\$108,073	\$0	\$108,073
122	Accounts Receivable - HUD Other Projects	\$0	\$12,925	\$12,925
126	Accounts Receivable - Tenants - Dwelling Rents	\$1,286	\$0	\$1,286
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-909	\$0	\$-909
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
129	Accrued Interest Receivable	\$47	\$0	\$47
120	Total Receivables, net of allowances for doubtful accounts	\$424	\$12,925	\$13,349
131	Investments - Unrestricted	\$16,159	\$0	\$16,159
142	Prepaid Expenses and Other Assets	\$35,963	\$0	\$35,963
143	Inventories	\$139	\$0	\$139
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
144	Interprogram Due From	\$12,925	\$0	\$12,925
160	Total Current Assets	\$173,883	\$12,925	\$186,808
161	Land	\$154,069	\$0	\$154,069
162	Buildings	\$4,767,222	\$3,615	\$4,770,837
163	Furniture, Equipment & Machinery - Dwellings	\$90,962	\$32,747	\$123,709
164	Furniture, Equipment & Machinery - Administration	\$72,366	\$14,464	\$86,830
165	Leasehold Improvements	\$585,716	\$0	\$585,716
166	Accumulated Depreciation	\$-4,385,726	\$-11,432	\$-4,397,158
167	Construction In Progress	\$0	\$494,502	\$494,502
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,284,609	\$533,896	\$1,818,505
180	Total Non-Current Assets	\$1,284,609	\$533,896	\$1,818,505
190	Total Assets	\$1,458,292	\$546,821	\$2,005,113
312	Accounts Payable <= 90 Days	\$12,904	\$0	\$12,904
321	Accrued Wage/Payroll Taxes Payable	\$1,301	\$0	\$1,301
322	Accrued Compensated Absences - Current Portion	\$7,772	\$0	\$7,772
333	Accounts Payable - Other Government	\$15,622	\$0	\$15,622
341	Tenant Security Deposits	\$9,600	\$0	\$9,600
345	Other Current Liabilities	\$287	\$0	\$287
346	Accrued Liabilities - Other	\$10,000	\$0	\$10,000
347	Interprogram Due To	\$0	\$12,925	\$12,925
310	Total Current Liabilities	\$57,486	\$12,925	\$70,411
354	Accrued Compensated Absences - Non Current	\$14,757	\$0	\$14,757
350	Total Noncurrent Liabilities	\$14,757	\$0	\$14,757
300	Total Liabilities	\$72,243	\$12,925	\$85,168
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$1,284,609	\$533,896	\$1,818,505
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$101,440	\$0	\$101,440
513	Total Equity/Net Assets	\$1,386,049	\$533,896	\$1,919,945
600	Total Liabilities and Equity/Net Assets	\$1,458,292	\$546,821	\$2,005,113

**HOUSING AUTHORITY OF LAKE PROVIDENCE
FINANCIAL DATA SCHEDULE**

YEAR ENDED SEPTEMBER 30, 2007

703	Net Tenant Rental Revenue	\$203,216	\$0	\$203,216
705	Total Tenant Revenue	\$203,216	\$0	\$203,216
706	HUD PHA Operating Grants	\$322,645	\$90,093	\$412,738
706.1	Capital Grants	\$0	\$479,711	\$479,711
711	Investment Income - Unrestricted	\$8,348	\$0	\$8,348
715	Other Revenue	\$14,270	\$0	\$14,270
716	Gain/Loss on Sale of Fixed Assets	\$-1,160	\$0	\$-1,160
720	Investment Income - Restricted	\$0	\$0	\$0
700	Total Revenue	\$547,319	\$589,804	\$1,117,123
911	Administrative Salaries	\$94,323	\$0	\$94,323
912	Auditing Fees	\$0	\$8,030	\$8,030
914	Compensated Absences	\$2,016	\$0	\$2,016
915	Employee Benefit Contributions - Administrative	\$31,535	\$0	\$31,535
916	Other Operating - Administrative	\$29,777	\$0	\$29,777
922	Relocation Costs	\$498	\$0	\$498
931	Water	\$27,486	\$0	\$27,486
932	Electricity	\$10,204	\$0	\$10,204
933	Gas	\$963	\$0	\$963
938	Other Utilities Expense	\$24,198	\$0	\$24,198
941	Ordinary Maintenance and Operations - Labor	\$120,523	\$0	\$120,523
942	Ordinary Maintenance and Operations - Materials and Other	\$34,758	\$575	\$35,333
943	Ordinary Maintenance and Operations - Contract Costs	\$58,500	\$11,477	\$69,977
945	Employee Benefit Contributions - Ordinary Maintenance	\$40,294	\$0	\$40,294
961	Insurance Premiums	\$67,555	\$0	\$67,555
963	Payments in Lieu of Taxes	\$14,039	\$0	\$14,039
964	Bad Debt - Tenant Rents	\$1,285	\$0	\$1,285
969	Total Operating Expenses	\$567,934	\$20,082	\$578,016
970	Excess Operating Revenue over Operating Expenses	\$-10,615	\$549,722	\$539,107
971	Extraordinary Maintenance	\$10,000	\$0	\$10,000
974	Depreciation Expense	\$169,079	\$8,414	\$177,493
900	Total Expenses	\$737,013	\$28,496	\$765,509
1001	Operating Transfers In	\$70,011	\$0	\$70,011
1002	Operating Transfers Out	\$0	\$-70,011	\$-70,011
1010	Total Other Financing Sources (Uses)	\$70,011	\$-70,011	\$0
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-119,683	\$471,297	\$351,614
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$1,505,732	\$62,599	\$1,568,331
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
1120	Unit Months Available	1,658	0	1,658
1121	Number of Unit Months Leased	1,646	0	1,646